

REPORT
OF
THE CHIEF OF THE BUREAU OF
INSULAR AFFAIRS
TO
THE SECRETARY OF WAR.

1906.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
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U.S. Bureau of military affairs.

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SECRETARY OF WAR.

WAR DEPARTMENT,
BUREAU OF INSULAR AFFAIRS,
Washington, October 31, 1906.

SIR: I have the honor to submit the following report of the Bureau of Insular Affairs for the past year:

LEGISLATION ENACTED BY THE FIFTY-NINTH CONGRESS, FIRST SESSION.

While not all of the recommendations of the Philippine Commission and of the Department requiring Congressional action were acted upon, much was accomplished during the last session of Congress.

REGULATION OF SHIPPING.

One of the specific recommendations submitted by the Philippine Commission in its report for the year 1905 was that the act of April 15, 1904, providing regulations for shipping, be repealed, or that the operations of sections 1 and 2 thereof, governing the transportation of persons and merchandise after July 1, 1906, be suspended until July 1, 1909. At the time of the enactment of the original act it was hoped that by July 1, 1906, the American shipowners would have ample facilities to care for the shipping between the United States and the Philippines, but it became manifest that this could not be done. There are not enough ships of American registry plying between the United States and the countries of the far Orient to accommodate the Philippine trade, which is itself insufficient to justify the establishment of lines for its special accommodation. It was equally to the interest of the American exporter and the Philippine consumer that the date on which this legislation was to become effective should at least be postponed, and the recommendation of the Commission was earnestly indorsed by all parties in interest. In consequence, by an act of April 30, 1906, the date upon which the coastwise laws should go into operation was postponed from July 1, 1906, to April 11, 1909. This date was decided upon, as it is the date the special commercial privileges granted by the treaty of Paris to Spain will expire.

COINAGE.

The bill amending the Philippine coinage laws past both Houses very promptly on its introduction and was on June 23, 1906, approved by the President. It authorizes the Philippine Commission, with the approval of the President, to reduce the weight and fineness of the Philippine silver coins. This was rendered necessary by the increase in value of silver, which had made the intrinsic value of the Philippine peso greater than its face value as currency. It also authorizes the Philippine government to use as reserve against which to issue currency, gold coin of the United States. This was necessary in order to give elasticity to the currency issue of the Philippine Islands, the increase of which would otherwise have to wait on the coinage of silver, as the law to which this was an amendment provided that only Philippine silver coin could be used as such reserve.

AUTHENTICATION OF INVOICES.

Among the other acts of the last session of Congress with exclusive application to the Philippine Islands was that of June 28, 1906, providing that the authentication of invoices of merchandise exported to the United States from the Philippine Islands might be made by a collector or a deputy collector of customs of those islands. It had been held that section 2844 of the Revised Statutes applied to the Philippine Islands. This section required that in the absence of an American consul, or consular agent, invoices of merchandise shipped to the United States should be authenticated before a consul of some friendly nation. Under this provision, which had not contemplated the relation existing between the United States and the Philippine Islands, we had the anomaly of the requirement of the intervention of a foreign consular agent to enable an American merchant in a possession of the United States to ship merchandise to the United States proper.

NAUTICAL SCHOOL.

The act of June 30, 1906, authorized the Secretary of the Navy to loan a vessel of the Navy to the Philippine government for the use of the Manila Nautical School. The necessity of this had been felt for some time, and the passage of this act was recommended by the governor-general of the Philippine Islands and the Secretary of War.

BATAN COAL CLAIMS.

The act of February 26, 1906, authorized the Secretary of War to purchase the coal claims of certain Spaniards on the island of Batan. The governmental interest in this arose from the fact that while there was at this place large deposits of coal suitable to the use of the Government transports and interisland coast-guard steamers, yet owing to the fact that these claims remained undeveloped, the Government was forced to buy its coal in foreign markets at a price considerably in excess of what it could be profitably mined for in the islands.

NECESSARY LEGISLATION.

Two measures are now pending in Congress of the utmost importance to the welfare of the people of the Philippine Islands.

REDUCTION OF DUTIES.

The first of these is the act which has past the House of Representatives and is awaiting the action of the Senate, providing for the reduction of duties on Philippine imports into the United States.

In his annual report for 1902 Mr. Root, the then Secretary of War, said:

I do not wish to delay, however, in asking the attention of Congress to two subjects upon which, I think, if the conditions and needs of the islands could be fully understood, there would be but little controversy, and upon which very simple enactments would be of immense value to the people of the islands, whose welfare the Government of the United States is bound to promote. I earnestly urge, first, that the duties levied in the United States upon products of the Philippine Archipelago imported therefrom be reduced to 25 per cent of the Dingley tariff. * * *

On December 5, 1902, a bill (H. R. 15702) was introduced, section 2 of which, designed to make effective this recommendation, provided that upon all articles the growth and product of the Philippine Islands coming into the United States from the Philippine Islands there should be levied, collected, and paid only 25 per cent of the rates of duty aforesaid (i. e., rates paid upon like articles imported from foreign countries). This bill past the House of Representatives December 18, 1902, and was subsequently (December 20) referred to the Senate Committee on the Philippines. On February 27, 1903, the President transmitted to the Senate a special message urging the passage of this bill. On March 4, 1903, the chief of the Bureau of Insular Affairs cabled the Philippine Commission that the bill for the reduction of the tariff "Failed; did not get to a vote."

In his annual report for 1903 Secretary of War Root again said:

I earnestly renew the recommendation which I have already made for a reduction of duties upon Philippine imports into the United States. As matters stand at present we have practically deprived the Philippines of their Spanish market, and we have so arranged the tariff laws of the two countries that American consumers are making money at the expense of the Philippine revenues. I submit that there is no just reason why the people of the Philippines should not be treated with some fair approach to the advantages which are awarded to the people of Porto Rico and the Hawaiian Islands.

On November 11, 1903, a bill practically identical with the one which had failed to reach a vote at the preceding session was introduced in the Senate.

On March 22, 1904, the chief of the Bureau of Insular Affairs cabled the Philippine Commission that tariff legislation had been postponed until the short session.

The present Secretary of War, Mr. Taft, in his report for the year 1904, said:

I beg to renew again the recommendation made by my predecessor, Secretary Root, by President McKinley, by you in your messages of last year, and by the Philippine Commission in all its reports, in favor of a substantial reduction of the present tariff upon Philippine products imported into the United States. I urge that a bill shall be adopted by Congress allowing the admission, duty free, of all products of the Philippine Islands, manufactured or otherwise, except tobacco and sugar, and that there be imposed upon all importations of sugar and tobacco a duty equal to 25 per cent of the rates now imposed under the Dingley law upon the importations from foreign countries.

On January 14, 1905, there was introduced in the House of Representatives a bill which, in so far as the tariff on imports from the Philippine Islands into the United States was concerned, was identical with that referred to. On February 27, 1905, this bill was reported favorably from the Committee on Ways and Means, with certain amendments not affecting the tariff on articles imported from the Philippines into the United States. The bill did not reach a vote at that session of Congress.

The Secretary of War in his report for 1905, referring to the Philippines, said:

A number of bills will be presented to Congress seeking amendments of more or less importance in the existing laws, but the bill, the progress of which will be followed with the greatest anxiety, is that providing that all products of the Philippine Islands, except sugar and tobacco, shall be allowed to enter the ports of the United States free, and that sugar and tobacco shall have imposed upon them for three years only a duty of 25 per cent of the present Dingley rates, and that after 1909 there shall be complete free trade between the islands and the United States in the products of each country.

A bill carrying into effect the foregoing recommendation was introduced early in the first session of the present Congress, and passed the House on January 16, 1906, by a vote of 259 to 71. It was not acted on by the Senate, and on the adjournment of this first session of Congress it again became the duty of the Bureau of Insular Affairs to inform the Philippine Commission that the bill for the reduction of the tariff on imports from the Philippine Islands into the United States had failed to come to a vote. During the period referred to the Philippine Commission had in each of its annual reports urgently recommended the passage of this legislation.

It is thus seen that for more than four years, or ever since the official declaration of the termination of the insurrection against the United States in the Philippine Islands, the Philippine Commission, the Secretary of War, and the President have urged, as most necessary to the welfare of the people in the Philippine Islands and to the successful government of those islands, the passage of this or some similar bill which would concede a lower rate of duty on products of the Philippine Islands coming into the United States than the tariff imposed on the products of foreign countries, and that all of their efforts to carry out this purpose have not as yet resulted in a final vote which would indicate either approval or disapproval of the proposition.

It is doubtful if at this time any other officers of the Government have imposed on them so difficult a task as have the members of the Philippine Commission—that of successfully governing these far-away islands. It would seem, having by law imposed this most difficult task on the Philippine Commission, that their hands should be upheld in carrying out those policies which they deem essential.

It should be borne in mind that during this entire period everyone connected with the government of the Philippines has been imprecst with the urgent need of some such legislation as that proposed, to lift the Filipino people out of the depth of poverty into which they have fallen as the result of the wars, insurrections, and pestilence with which those islands have been curst for a period of ten years. And not only have they thus agreed to the importance of this legislation to the islands, but they have been uniformly of the opinion that such assistance as would be given the deprest agriculture of the Philippines by this act could in no wise harm any interest in the United States.

This question has never been a political one, nor has the duration of our stay in the Philippines any bearing on the desired legislation. When the act "temporarily to provide revenue for the Philippine Islands, and for other purposes," approved March 8, 1902, was before the Senate, the minority reported a bill as a substitute therefor, entitled "A bill to promote the prosperity and establish the independence of the Philippine Islands." This bill provided that during the temporary occupancy of said islands all trade between the same and the United States should be free.

One might think, considering the result of past efforts to obtain this legislation so earnestly desired by the Filipinos, that we were called upon to enter into some altruistic bargain impoverishing our people for the benefit of barbarians on the other side of the earth. It requires very little analysis of the measure to show that it involves no extreme altruism.

This is the bill now recommended as it past the House of Representatives:

AN ACT To amend an Act entitled "An Act temporarily to provide revenue for the Philippine Islands, and for other purposes," approved March eighth, nineteen hundred and two.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the second section of the Act entitled "An Act temporarily to provide revenue for the Philippine Islands, and for other purposes," approved March eighth, nineteen hundred and two, is hereby amended to read as follows:

"SEC. 2. That on and after the passage of this Act there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands the rates of duty which are required to be levied, collected, and paid upon like articles imported from foreign countries: *Provided*, That all articles wholly the growth and product of the Philippine Islands coming into the United States from the Philippine Islands shall hereafter be admitted free of duty, except sugar, tobacco, and rice manufactured and unmanufactured, upon which there shall be levied, collected, and paid only twenty-five per centum of the rates of duty aforesaid: *And provided further*, That the rates of duty which are required hereby to be levied, collected, and paid upon products of the Philippine Islands coming into the United States shall be less any duty or taxes levied, collected, and paid thereon upon the shipment thereof from the Philippine Islands, as provided by law, under such rules and regulations as the Secretary of the Treasury may prescribe; but all articles wholly the growth and product of the Philippine Islands admitted into the ports of the United States free of duty under the provisions of this Act, and coming directly from said islands to the United States for use and consumption therein, shall be hereafter exempt from any export duties imposed in the Philippine Islands: *Provided, however*, That in consideration of the rates of duty aforesaid, sugar and tobacco, both manufactured and unmanufactured, wholly the growth and product of the United States, shall be admitted to the Philippine Islands from the United States free of duty: *And provided further*, That on and after the eleventh day of April, nineteen hundred and nine, all articles and merchandise going from the United States into the Philippine Islands, and all articles wholly the growth and product of the Philippine Islands coming into the United States from the Philippine Islands, shall be admitted free of duty: *And provided further*, That in addition to said duty when levied and in case said articles are admitted into the United States free of duty, there shall be paid upon articles of merchandise of Philippine Islands manufacture coming into the United States and withdrawn for consumption or sale a tax equal to the internal-revenue tax imposed in the United States upon the like articles of merchandise of domestic manufacture; such tax to be paid by internal-revenue stamp or stamps to be provided by the Commissioner of Internal Revenue and to be procured by purchase from the collector of internal revenue at or most convenient to the port of entry of said merchandise in the United States, and to be affixed under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, and such articles of Philippine Islands manufacture mentioned in this proviso shall be exempt from payment of any tax imposed by the internal-revenue laws of the Philippine Islands: *And provided further*, That in addition to the duty hereinbefore provided when levied and in case said articles are

admitted into the Philippine Islands free of duty, there shall be paid upon articles of merchandise manufactured in the United States and going into the Philippine Islands and withdrawn for consumption or sale, a tax equal to the like articles of merchandise when manufactured in the Philippine Islands; such tax to be paid by internal-revenue stamps or otherwise as provided by the laws in force in the Philippine Islands upon the like articles; and such articles manufactured in the United States mentioned in this proviso and going into the Philippine Islands shall be exempt from payment of any tax imposed by the internal-revenue laws of the United States. All the moneys collected under this section as amended shall, until the eleventh day of April, nineteen hundred and nine, be paid over and disposed of as provided in section four of the Act hereby amended, and shall not be covered into the Treasury of the United States."

SEC. 2. That on and after the day when this Act shall go into effect all goods, wares, and merchandise previously imported from the Philippine Islands, for which no entry has been made, and all goods, wares, and merchandise previously entered without payment of duty and under bond for warehousing, transportation, or any other purpose, for which no permit of delivery to the importer or his agent has been issued, shall be subjected to the duties imposed by law prior to the passage of this Act, and to no other duty, upon the entry or the withdrawal thereof: *Provided*, That when duties are based upon the weight of merchandise deposited in any public or private bonded warehouse said duties shall be levied and collected upon the weight of such merchandise at the time of its entry.

There can be no reasonable doubt that if the Philippines were wholly independent of the United States the trade relations established by this act would be welcomed by our business interests in the United States. Compare the terms of this bill with those of the commercial convention between the United States and Cuba. Which is the more favorable to us?

Briefly, in 1902, as a pure business proposition, we admitted to our protected home market with a 20 per cent reduction of the existing tariff 1,000,000 tons of sugar and \$14,000,000 worth of tobacco produced in Cuba, for such an opportunity as was given us to sell in Cuba \$35,000,000 worth of American goods under a tariff differential varying from 20 to 40 per cent in our favor as against our competitors.

The bill now before the Senate, similarly translated is an offer to admit to our protected market as much of the sugar and tobacco of the Philippine Islands as may be tempted thereby, but which is naturally limited to the tobacco available for export, an amount that has never exceeded 262,000 tons of sugar (1893) and \$2,800,000 worth of tobacco (1902). In exchange for this relatively small concession, an opportunity would be given us to sell in the Philippines \$26,000,000 worth of American goods at a 100 per cent differential in our favor over the tariff rates imposed by Congress on the goods of our competitors.

With American consumption of Cuban sugar and tobacco so large in proportion to the maximum production of the Philippines, these figures do not tell the whole story. The tobacco of Cuba has a ready market and is appreciated in the United States. Such is not the case with Philippine tobacco, which is practically unknown in our market and would admittedly find little favor with the American consumer.

In both Cuba and the Philippines this reciprocal arrangement gives us an advantage in supplying such additional demand as will be created by progress and increased prosperity, as well as the present needs of those countries. But the Philippines have five times the population of Cuba, with at present but one-half of the imports which Cuba had in 1902, and it is evident that with fair progress the increase in demand in the Philippine Islands will far exceed that of Cuba.

It should be borne in mind that the increased demand in Cuba means an increase of sugar and tobacco exported to the United States. Such would be the case in the Philippines to but a very slight extent. The increased demand there would depend chiefly on increased exportation of Manila hemp and copra, neither of which competes with any American product, the two forming to-day 75 per cent of the total of Philippine exports, a proportion which is constantly increasing.

A survey of the pending legislation leads inevitably to the conclusion that it is by no means an altruistic measure but one of distinct advantage to us, regardless of its advantage to the Filipinos. It may be safely asserted that in no case have we been able to obtain from any country a reciprocal trade arrangement so favorable to us as that embodied in this bill, which increases our home market by over 7,000,000 people, producers exclusively, with the exception of a relatively few cigars and cigarettes, of raw material, and, more important still, of raw material 75 per cent of which competes with no product of the United States, tho of great use in our factories.

These considerations refer to the full application of the proposed bill after April 11, 1909.

AGRICULTURAL BANK.

There is pending another measure in both the Senate and House of Representatives on which there has yet been no legislative action and which would be of benefit to all classes of Filipinos. This is the bill providing for the establishment of an agricultural bank. The text of the bill as introduced is as follows:

That for the purpose of aiding in the establishment and operation of such an agricultural bank in the Philippine Islands as the general government thereof may hereafter specifically authorize the Philippine government is empowered to guarantee an income of not exceeding four per centum per annum upon cash capital actually invested in such agricultural bank; such guaranty shall be granted by an act of the Philippine Commission.

Heretofore the inhabitants of the islands away from Manila have had no place in which they could secure their savings and no place from which they could borrow on reasonable terms the money necessary in their agricultural or other industries. Where such loans can be obtained at all the borrower is forced to pay from 1 to 10 per cent a month, and there was absolutely no place in which money could be deposited with safety.

One of these conditions is in a fair way of being met by the recent establishment in the islands by the Philippine government, as a part of the postal service, of a postal savings bank. This will immediately enable persons to deposit with the government small sums of money on which they will receive interest of 2½ per cent, to be increased later if the operation of the postal savings bank shows that it can be successfully done without loss to the government.

To meet the second necessity, that of enabling the agriculturist to borrow money at a reasonable rate of interest, the Philippine Commission has recommended the passage of the act above quoted.

The matter of an agricultural bank suitable to the needs of the Philippines has been the subject of earnest study by the Commission for many years. A comprehensive report on this subject has been made by the chief of the currency division of the islands,

showing the results which have been obtained by similar institutions in other countries of the Far East, as well as in many European countries, and the legislation which is requested of Congress is simply to authorize the Philippine government to guarantee interest on the capital invested in this bank, with the merest outline of the organization and management of the bank. The Philippine Commission contemplates the passage by the Commission of a very comprehensive act governing the operation and management of this bank and its supervision by the Philippine government.

In the United States, where private banks provide both for the safe deposit of savings and for the procuring of loans on reasonable and proper security, the necessity for both a guaranteed agricultural bank and a postal savings bank in the Philippines may not be apparent; but in the Philippines, where business outside of the city of Manila has been unable to attract private banks for any purpose, the necessity of these institutions to the encouragement of agriculture and to the progress of the people is most urgently felt.

RAILWAYS IN THE ISLANDS.

In the last annual report of the Bureau reference was made to the then recent legislation (act of February 6, 1905) authorizing the Philippine government to assist in the construction of railways and to the efforts then being made to induce suitable companies to undertake the construction of the lines deemed most essential to progress in the islands.

As a result of such efforts concessions have been granted by the Philippine government, with the approval of the Secretary of War and accepted by the Philippine Railway Company, for the construction, equipment, and operation of approximately 300 miles of railway in the islands of Panay, Negros, and Cebu, and by the Manila Railroad Company for the construction, operation, and equipment of about 425 miles of railway in the island of Luzon.

Surveys are now in progress looking to the early construction of these roads.

It is pleasing to report that the result of the efforts to have these railways constructed on the most favorable terms to the Filipino people has been duly appreciated. On July 12, 1906, when the full text of the concessions and contracts had been published, the Filipino Chamber of Commerce, representing the Filipino commercial interests of the archipelago, unanimously past a resolution thanking the Commission for the interest displayed in this work, "so gratifying to the public interests of the country," and recommending to the Commission that it urge the concessionaires to hasten construction.

MANILA WATER SUPPLY AND SEWERAGE SYSTEM.

Bids for a water system for the city of Manila were opened January 2, 1906, in the city of Manila. This includes a gravity water supply to consist of a masonry dam and inlet chamber, a steel pipe line about 10½ miles long, a masonry conduit in a tunnel, and an open cut about 4½ miles long, a receiving and distributing reservoir, gates, gate houses, etc. The total amount of the several contracts approximated \$1,025,000, and the work is now under construction. Bids for the construction of about 52 miles of sewers were also opened on January 12, 1906, and the contract was awarded in the sum of \$1,631,053.20.

These improvements are to be paid for by funds derived from the sale of bonds authorized by the act of Congress of July 1, 1902, described in the last annual report of the Bureau.

SILVER CERTIFICATES.

In addition to the silver certificates mentioned in the last annual report as having been prepared and shipped to Manila there were forwarded by transport on July 5, 1906, certificates aggregating ₱17,000,000, in denominations of 20, 50, 100, and 500 pesos, and on transport sailing October 15 ₱5,000,000 in 10-peso notes.

The total face value of silver certificates of each denomination shipped to September 30, 1906, is as follows:

₱3,000,000 in 500's
4,000,000 in 100's
4,000,000 in 50's
6,000,000 in 20's
16,000,000 in 10's
6,000,000 in 5's
3,000,000 in 2's
<hr/>
42,000,000

The cost of preparing and forwarding the shipments completing the above was as follows:

Date forwarded.	Forwarded on U. S. army transport—	Value.	Cost of preparing.	Insurance.	Total cost.
1906.					
July 5	Sheridan	₱17,000,000	\$5,522.41	\$69.50	\$5,591.91
October 15	Sherman	5,000,000	5,925.50	70.00	5,995.50

All of the silver certificates for the Philippine Islands were prepared by the Bureau of Engraving and Printing of the Treasury Department, and the courteous and invaluable assistance rendered in the matter by the Treasury officials is gratefully acknowledged.

DEPOSITARIES OF PHILIPPINE FUNDS.

Depositaries of Philippine funds are the same as mentioned in the last annual report, with the addition of the Morton Trust Company, of New York, which was declared by the Secretary of War in May, 1906, an authorized depositary of the Philippine government in the United States. The total deposits of the treasurer of the Philippine Islands with banks in the United States on September 30, 1906, amounted to \$8,040,772.77.

PHILIPPINE COINAGE.

Since the last annual report, showing that ₱33,428,018.62 in silver and minor coins (including proof coins) had been delivered to the Philippine government, there have been no further purchases of bullion for coinage, the increase in the metal currency of the Philippine Islands since that date being due altogether to the recoinage of Spanish-Filipino coins withdrawn from circulation in the islands and

shipped to the United States mint at San Francisco, as shown by the following table:

Arrived in San Francisco—	Face value.	Standard ounces of silver.	Bullion value in United States currency.
1905.			
December 15	₱152,045.60	117,708.17	\$67,909.59
1906.			
January 15	50,000.00	38,560.14	22,246.23
March 3	70,070.00	54,341.03	31,850.60
April 9	26,637.00	20,616.90	11,894.86
May 16	40,000.00	30,861.32	17,804.69
July 14	31,800.00	24,664.16	14,229.32
Total	370,552.60	286,751.72	165,434.79

From Spanish-Filipino coin there have been recoined at the San Francisco mint and sent to Manila during the period covered by this report new Philippine coins to the amount of ₱434,781.80 of denominations as follows:

Shipped to Manila—	Number pesos.	Number 50 centavos.	Number 20 centavos.	Number 10 centavos.	Face value in pesos.	Face value in United States currency.
1905. ^a						
November 6	96,000				₱96,000.00	\$48,000.00
1906.						
January 5	135,635	2,442	8,722	1,814	138,781.80	69,390.90
February 15	50,000				50,000.00	25,000.00
March 26	66,000				66,000.00	33,000.00
April 16	24,000				24,000.00	12,000.00
July 5	30,000				30,000.00	15,000.00
August 15	30,000				30,000.00	15,000.00
Total	431,635	2,442	8,722	1,814	434,781.80	217,390.90

^a Coined from Spanish-Filipino coin received prior to Nov. 1, 1905, and not included in preceding table of shipments received from Manila.

Payments made by the Bureau for expenses of recoinage and of shipment during the period covered by this report appear below:

Coinage charges at Philadelphia	\$16.40
Coinage charges at San Francisco	4,385.93
Refining charges, old coins	1,763.04
Marine insurance	2,832.52
Packing and packages	70.37
Drayage	65.66
Total	9,133.92

POSTAGE STAMPS.

During the year there were prepared and forwarded under the direction of the Bureau the following postage stamps:

Denomination.	Number.	Denomination.	Number.
2 centavos	12,000,000	26 centavos	14,000
4 centavos	5,000,000	30 centavos	400,000
6 centavos	80,000	1 peso	200,000
8 centavos	35,000	2 pesos	100,000
10 centavos	2,000,000	4 pesos	5,000
12 centavos	20,000	10 pesos	3,000
16 centavos	500,000	20-centavo special delivery	10,000
20 centavos	800,000		

There were also transmitted to the insular government the following stamp books:

2-centavo.....	50,000 books of 24 stamps each.
2-centavo.....	25,000 books of 48 stamps each.
4-centavo.....	50,000 books of 12 stamps each.
4-centavo.....	15,000 books of 24 stamps each.

In addition to the above there have been forwarded internal-revenue and document stamps, all of which were prepared by the Bureau of Engraving and Printing, Treasury Department.

PURCHASE OF SUPPLIES.

While the policy of the Philippine government to encourage Manila merchants to carry larger stocks of merchandise by favoring them with government purchases whenever their prices were not more than 10 per cent in excess of prices at which the government could purchase direct from the United States has curtailed to some extent the purchases made thru the Bureau during the past year as compared with previous years, 578 mail requisitions and 62 requisitions by cable were received from Manila during the period covered by this report.

These requisitions were for articles of all descriptions, some of which were unobtainable in the Manila market, while others were obtainable there only at prices too high to justify their purchase. All of the articles called for were purchased and promptly shipped thru the agency maintained for this purpose in New York City, and the accounts for the goods and for freight and insurance on same paid by the disbursing agent of the Bureau at Washington. Special attention is directed to the prompt settlement of all accounts for purchases, and as a result cash discounts or net prices based on prompt cash payment are obtained from merchants and manufacturers. There is no doubt but that the Bureau can purchase and deliver at Manila all classes of supplies at less than their cost to Manila merchants, and in this connection the following is quoted from the report of the chief of the bureau of supply of the Philippine government to the governor-general for the fiscal year 1905:

* * * We are still compelled to make many purchases in the United States, either on account of lack of proper competition or because prices demanded are too high. With our present organization it has been clearly demonstrated that we can under buy any of our merchants, and on an outlay of only 1 per cent on the amount of purchase, while 2½ per cent is the least charged by any New York broker for the commercial houses of Manila.

The question thus presented of determining the relative advantage to the government of economy in administration and of fostering local commerce, complicated as it is by the impossibility of discriminating between the bona fide merchant with a stock of goods and the commission broker depending largely on government contracts, is one of delicacy and difficulty.

The Bureau has been compelled to forward the bulk of its freight from New York to Manila in foreign vessels, owing to the lack of vessels of American registry competing for the trade. Shipments from San Francisco and Seattle to Manila have been in vessels of American registry or in Government transports. Wherever the Bureau has been forced to make contracts for shipments by foreign vessels there has been included in the contracts a proviso to the effect that if during the contract period rates as low as or lower than those

stipulated in the agreement should be offered by any transportation company for the freighting of cargo to Manila in American ships the Bureau reserved the right to avail itself of such offer.

The total amount disbursed by the Bureau during the eleven months ended September 30, 1906, for supplies for the Philippine government and for freight, insurance, and miscellaneous expenses of purchase and shipment was \$450,421.50.

NEW YORK OFFICE.

In addition to purchasing and shipping such supplies as are bought by the Philippine government in the United States the New York office of the Bureau has been invaluable in furnishing the bureau of supply at Manila market quotations on supplies of all classes. Without the opportunity thus afforded of keeping in touch from a reliable source with prices in the United States the bureau of supply would be wholly without means of protecting itself from exorbitant prices, owing to the difficulty of securing competition in Manila on goods purchased there. For this reason alone the New York office will more than save the Philippine government the cost of its maintenance for some years to come, even should it be considered advisable to continue making the bulk of purchases from Manila dealers.

The New York office as at present organized consists of 1 purchasing agent and 3 clerks, as against 1 purchasing agent and 5 clerks for 1905.

DISBURSEMENT OF PHILIPPINE REVENUES IN THE UNITED STATES.

The total disbursements made by the disbursing agent of the Bureau from the date of the last annual report to September 30, 1906, amount to \$2,647,066.97, in payment of 3,665 accounts; and the total disbursements since May 20, 1901, the date the disbursing office was established, amount to \$28,655,166.57, in payment of 13,527 accounts. It may be noted that the disbursements for the eleven months ended September 30, 1906, were only \$2,647,066.97, as compared with \$7,982,864.08 for the year ended October 31, 1905. This large decrease is due to the fact that in 1905 two issues of certificates of indebtedness, aggregating \$6,000,000, were redeemed by the Bureau.

INSPECTIONS.

The disbursing office of the Bureau was inspected by an inspector-general of the Army in December, 1905. The books and accounts were found correct and the balance with the several depositaries, as well as the cash on hand, were verified.

OCEAN-CARRYING TRADE.

In the foreign trade of the islands the British flag continues to lead all competitors, handling on the basis of value about 60 per cent of imports and 75 per cent of exports. The Spanish flag has second rank in both incoming and outgoing freights in consequence of the regular service furnished by the Spanish mail steamship line plying between Liverpool and the Philippines. The German flag is third,

while American vessels are in the fourth rank, carrying about 9 per cent of the total imports and a smaller percentage of the exports.

Just to what extent the distribution of the carrying trade of the islands by flags will be affected by the recent abolition of tonnage dues is unknown. The tendency of these port charges has been to make Manila a branch-line station to the grand-junction supremacy of Hongkong in the Orient and to foster communication with the outside world thru this port. With free entry established at Manila for all comers, whether with large tonnage or small cargoes, direct shipments may be expected to increase. With a harbor and port equipment, the finest in the Orient, nearing completion at Manila, this legislation, which opens the Philippines freely to the main lines of ocean communication, bids fair to be followed by important carrying-trade readjustments as well as much improved shipping facilities.

In view of the small percentage of the United States trade with the islands carried in American vessels the further suspension of the United States coastwise laws until 1909, that otherwise under the terms of the Frye bill would have become operative in July, 1906, may be considered fortunate, especially for the American export trade to the islands. Whatever benefits might have accrued to American shipping thru increased freights, there was well-grounded fear of a serious discouragement to trade between the United States and the islands and a prejudicial effect on American exports exposed to the competition of countries enjoying lower freight rates.

COMMERCIAL STATISTICS.

Monthly commercial returns continue to be received from the islands and compiled for record and reference, tho it has been deemed expedient to publish this data less frequently. To this end the Summary of Philippine Commerce with the issue of December, 1905, was discontinued as a monthly publication. Its first issue on a quarterly basis has recently appeared, embracing trade statistics for January, February, and March, 1906, and in the future it will cover quarterly periods.

Official returns for the fiscal year 1906 show an excess of exports over imports of \$6,117,868, but, compared with the previous year, present reduced values in both—imports being less by \$5,077,084, while exports show a decline of \$435,481. The following comparative table gives the islands' foreign trade by countries:

Countries.	Imports.		Exports.	
	1905.	1906.	1905.	1906.
United States	\$5,761,498	\$4,333,893	\$15,668,026	\$11,579,411
United Kingdom	4,848,393	5,224,020	8,291,038	7,499,627
Germany	1,498,898	1,360,961	129,610	459,426
France	832,308	833,858	1,491,753	2,703,328
Spain	1,931,359	1,787,310	1,434,126	1,803,055
Italy	152,802	197,865	59,316	71,260
China	2,942,307	2,654,214	1,008,252	1,705,980
Hongkong	207,703	304,291	2,359,958	3,658,781
Japan	1,018,437	657,386	548,607	532,245
British East Indies	2,007,514	1,515,042	624,312	663,467
French East Indies	5,968,614	3,854,217	11,805	6,335
Australasia	1,365,662	1,523,668	445,741	462,062
Other countries	2,340,855	1,552,541	280,571	772,137
Total	30,876,350	25,799,266	32,352,615	31,917,134

IMPORTS.

The leading item in reduced imports is rice, and the heavy decline in foreign purchases of this staple foodstuff of the islands from \$7,456,738 in 1905 to \$4,375,500 in 1906, indicating as it does an increase in local production, may be considered a very satisfactory feature of the returns. These imports show diminishing values in recent months and a total for the fiscal year the smallest since 1900. There is thus an approximate return to conditions existing prior to the advent of rinderpest and insurrection, and a practical supply of the islands' needs thru home production seems to be indicated in the near future.

A further factor in diminishing imports of 1906 is to be found in the effect of the passage of the new tariff and the consequent stocking up in anticipation of increased rates. This was notably so in the case of rice and opium, imports of which were exceptionally heavy in the months of April and May, 1905, and thus inflated the total of that year with what under normal conditions should have figured in the imports of the fiscal period of 1906.

But eliminating the actual reduction of \$3,081,238 in rice and \$409,919 in opium imports there remains a diminished trade for 1906 to the value of \$1,585,927 that does not appear to be entirely explained by disturbances incident to the inauguration of a new tariff, and must be due in a measure to unsatisfactory conditions in the import trade and to the reduced purchasing power of the islands referred to in the report of last year.

Among other imports showing a heavy decline, illuminating oil is the most conspicuous, with a shrinkage in value of \$434,580, while the half-million-dollar trade of 1905 in both coal and fresh beef is less by \$107,000 in the former and by \$80,000 in the latter commodity. Purchases of beer, distilled spirits, and wines drop off considerably, and the total beverage trade, with an aggregate value of nearly \$800,000 in 1905, is \$143,000 less in 1906. Structural materials, as well as the miscellaneous schedule of iron and steel manufactures, show heavy declines, and the same is true of electrical and other machinery, their combined total representing a shrinkage of more than half a million, while cement imports are less by \$40,000. The reduction of more than \$60,000 in refined-sugar purchases may be considered in the light of a gain, being brought about as the result of local production by the Malabon refinery, recently put into operation after remaining idle for a number of years.

The six and three-quarter million dollar cotton trade for the year furnishes the most noteworthy instance of increased imports, with a gain of \$324,000. Imports of wheat flour reach a value of \$824,039 and are larger by nearly \$100,000 than in 1905, while approximately the same increase in value is found in the schedules of agricultural implements and of scientific instruments and apparatus.

With the exception of the French East Indies the participation of the United States in the import trade of the islands has suffered to a greater extent than any other country, for, with a reduction of but about 16 per cent in total imports, purchases of American goods fell off nearly 25 per cent, or an aggregate of \$1,427,605.

The most conspicuous item in this decline in American trade is to be found in that of cotton cloths, which represents one-third of the

total. This is to be attributed to the unfavorable operation of the cotton textile schedule in the tariff of 1905, amounting in effect to a discrimination against this important American manufacture in the import trade of the islands. The fiscal year 1906 about covers the period of operation of this schedule, under which imports of American cloths have declined from \$700,000 to \$224,000. The discrimination against American cotton goods was more than corrected by the act of Congress approved February 26, 1906.

Other important losses in American trade are to be found to the extent of \$171,000 in illuminating oil and about the same amount in wheat flour—a decline in the latter case in the face of increased total imports that serves to emphasize the effect of the active competition which American wheat is meeting at the hands of Australia. In the reduced beer trade the United States is also a loser to the extent of \$76,000. American electrical machinery still holds the market, but a market reduced 50 per cent in its demands, in which the American loss amounts to \$100,000. On the other hand, in the increased imports of agricultural implements and of scientific instruments and apparatus, under which are included telephones, etc., the bulk both of the trade and the increase is credited to the United States, American gains in these schedules amounting to about \$160,000.

EXPORTS.

TOTAL TO ALL COUNTRIES.

Articles.	1905.		1906.	
	Quantity.	Value.	Quantity.	Value.
	<i>Tons.</i>		<i>Tons.</i>	
Hemp.....	128,564	\$22,146,241	110,399	\$19,446,769
Sugar.....	111,849	4,977,026	123,790	4,863,865
Copra.....	36,963	2,095,355	65,112	4,043,115
Tobacco.....		1,999,193		2,389,890
All other.....		1,134,800		1,173,495
Total.....		32,352,615		31,917,134

TOTAL TO THE UNITED STATES.

	<i>Tons.</i>		<i>Tons.</i>	
Hemp.....	72,196	\$12,954,515	61,068	\$11,168,226
Sugar.....	56,948	2,618,487	7,187	260,104
Copra.....	202	14,425		
Tobacco.....		6,820		31,003
All other.....		73,779		120,078
Total.....		15,668,026		11,579,411

The \$435,000 decline in exports is chiefly to be found in the item of hemp, tho there are also reductions to be found in manufactured tobacco and sugar. Increased values are to be noted in copra and unmanufactured tobacco, the other leading items of export.

The predictions made concerning the effect of the disastrous typhoon of September, 1905, on hemp production are borne out by a decrease of 18,000 tons in exports to be found in the latter months of the period under consideration. The average price, tho somewhat better than in 1905, has been by no means sufficient to offset the reduced quantity, and a deficit of \$2,699,472 is shown in export values credited in 1906 to this normally most prosperous of the islands' industries.

Copra exports to a large extent counterbalance this decline in hemp by an increase of \$1,947,760 over the \$2,000,000 trade of 1905. The average price per pound has also been slightly higher in 1906. France is still the leading purchaser and is credited with 60 per cent of the total.

Sugar exports amount to 123,000 tons, a gain of 12,000 tons over those of 1905, but in consequence of reduced prices yield a decreased value of \$113,161. Of the total quantity Hongkong takes 60 per cent and China about 30, tho in 1905 these markets were subordinated to shipments to the United States aggregating over half the islands' output.

Unmanufactured tobacco exports show a value of \$1,458,658 and an increase of \$453,134. Export quantities increase 5,000,000 pounds and represent a recovery from the much reduced figures of 1905. Of this increase Austria-Hungary appropriates the greater part and becomes a prominent competitor with Spain for the Philippine leaf, these two countries taking about 80 per cent of the total. Manufactured tobacco exports decline from a value of \$993,669 to \$931,232, with Hongkong the leading buyer.

With the United States and the United Kingdom consuming the great bulk of Philippine hemp, the more than two and a half million dollar reduction in these exports previously referred to has been chiefly at the expense of the former, and this large item, together with reduced purchases of sugar, explains the shrinkage of \$4,088,615 in exports to the United States to be found in the statistics of 1906.

RECEIPTS AND EXPENDITURES.

The amount of funds in the Philippine treasury on June 30, 1906, available for purely administrative purposes was \$2,087,345.42, exclusive of funds derived from refundable collections and bond issues.

INSULAR.

Insular net revenues for the fiscal year ended June 30, 1906, excluding all articles of a refundable character.....	\$11,468,067.16
Net ordinary insular expenditures, including interest on bond issues, and contributions made to the city of Manila, and to the provinces in lieu of land taxes, cancellation of loans to provinces, and contributions for provincial administrative purposes.....	10,146,779.12
Excess of insular revenues over expenditures	1,321,288.04
	<hr/> 11,468,067.16

PROVINCIAL.

Provincial revenues, including the contributions received from the insular government and from the congressional relief fund.....	\$4,509,572.02
Ordinary provincial expenditures, construction and repair of roads and bridges, secondary schools, the proportion of the provincial receipts accruing to municipalities, which approximately represent the cost of the municipal governments, including primary schools	4,335,091.32
Excess of provincial receipts over expenditures	174,480.70
	<hr/> 4,509,572.02

CITY OF MANILA.

Revenues collected by the city, inclusive of the amount contributed by the insular government under provisions of the charter of the city	\$1, 995, 289. 85
Ordinary expenditures of the city, including interest and sinking fund charges on sewer construction bonds	2, 492, 392. 23
Excess of expenditures over receipts	497, 102. 38

In addition, \$271,707.02 was disbursed for insular purposes from the Congressional relief fund. There were also disbursed funds, which may be designated bond issues, as follows:

Public works, harbor, and light-house improvements	\$1, 344, 813. 87
Sewer and water works constructions	300, 310. 17
Completion of purchase of friar lands	3, 621, 660. 34

LAW OFFICER.

The work of this office has increased in volume during the last year. Not only has it included the consideration and decision of questions arising in the Philippine Islands, but also many civil matters presented for the consideration of the Secretary of War. The law officer has, by direction of the Secretary of War, until a recent date, been the legal adviser of the Isthmian Canal Commission, and as such has past on contract and other questions such as arise in the operation of any large corporation.

The Alaskan Acts and Treaties were for the first time compiled by the law officer and published as Senate Document No. 142, Fifty-ninth Congress, first session, and by him, at the request of Senators and Representatives, have been drafted a number of bills, covering subjects connected with foreign relations and noncontiguous territory under the jurisdiction of the United States.

DIVISION OF INSURGENT RECORDS.

The translation and preparation for printing of the captured Philippine insurgent records were continued and completed. The work as it now exists consists of five volumes, the first containing a sketch of the Spanish occupation of the Philippines and events antecedent thereto and leading up to Aguinaldo's return in May, 1898. This volume with the exhibits which accompany it will make about 406 pages. The second volume consists of a narrative of events in the Philippines from the time of Aguinaldo's return to the close of the insurrection. This narrative with the index will make some 641 pages. As it now stands the exhibits explanatory to Volume II are contained in three volumes of 484, 535, and 556 pages, respectively.

These volumes are now in galley proof, have been proof read and corrected, and are ready to be sent to the printer to be divided into page proof.

THE PHILIPPINE CIVIL SERVICE.

Notwithstanding the hearty cooperation of the United States Civil Service Commission during the year there has been experienced considerable difficulty in securing a sufficient list of eligibles for the more technical positions, principally surveyors and civil engineers, and a consequent delay, extending occasionally over several months, in

making appointments to fill vacancies in those positions in the insular service.

From November 1, 1905, up to September 30, 1906, there were appointed 109 teachers and 50 persons to other positions in accordance with the civil-service rules, and 16 former employees who had returned to the United States were reinstated. There were also appointed 43 third lieutenants of constabulary, for which position no civil-service examination is held in the United States.

On September 30 there were 37 positions vacant, appointment to which was delayed on account of lack of suitable eligibles. This number included 3 assistant foresters, 14 surveyors, and 5 engineers, as well as chemists and stenographers.

TRANSPORTATION OF CIVIL EMPLOYEES AND MEMBERS OF FAMILIES.

The transportation arrangements for the calendar year 1905 with the several transcontinental lines of railroad, and the steamship lines operating between San Francisco and Seattle and the Orient, mentioned in the last report, were renewed on substantially the same basis for the current year. The Bureau has been able to utilize the army transports more than in the previous year owing to the increased frequency of their sailings. During the year the transportation of 528 persons from their homes in the United States to the Philippines has been arranged for by the Bureau.

FILIPINO STUDENTS IN THE UNITED STATES.

There are now 184 Filipino students being educated in the United States by the Philippine government under the supervision of the Bureau. During the past year three students have been returned to the islands, two on account of ill health and one by reason of his misconduct. Only nine new appointments have been made during the past fiscal year. One of this year's appointees was already in this country studying and received his appointment here. Eight others arrived in San Francisco on September 9, 1906, on board the Pacific Mail Steamship *Siberia*.

The following is the list of schools attended by the Philippine government students and the number at each institution:

Washington, D. C.:		Trenton, N. J.:	
Georgetown University	6	State Normal School	7
George Washington University	1	Poughkeepsie, N. Y.:	
Catholic University	1	Eastman Business College	1
Coast and Geodetic Survey	2	Boston, Mass.:	
National University Law School	3	Massachusetts Institute of Technology	3
Philadelphia, Pa.:		Worcester, Mass.:	
University of Pennsylvania	2	Holy Cross College	1
Woman's Medical College	2	Lowell, Mass.:	
Drexel Institute	3	Lowell Textile School	1
Pennsylvania Museum School of Art and Design	1	Oswego, N. Y.:	
Photo-engraving department, Philadelphia Press	1	State Normal School	3
Villanova, Pa.:		Ithaca, N. Y.:	
Villanova College	1	Cornell University	6
West Chester, Pa.:		Oberlin, Ohio:	
State Normal School	5	Oberlin Conservatory of Music ..	1
		Cincinnati, Ohio:	
		Cincinnati University	3

Columbus, Ohio:		Iowa City, Iowa:	
University of Ohio.....	8	University of Iowa	8
Lansing, Mich.:		Ames, Iowa:	
State Agricultural College.....	2	State Agricultural College.....	8
Lafayette, Ind.:		De Kalb, Ill.:	
Purdue University.....	10	State Normal School.....	
Bloomington, Ind.:		Urbana, Ill.:	
Indiana University	5	University of Illinois	12
Notre Dame, Ind.:		Normal, Ill.:	
Notre Dame University	8	State Normal University.....	5
St. Mary's Academy.....	2	Macomb, Ill.:	
Chicago, Ill.:		State Normal School.....	6
Armour Institute.....	2	Manhattan, Kans.:	
Chicago University	9	State Agricultural College.....	8
College of Physicians and Sur- geons.....	9	Boulder, Colo.:	
Rush Medical College.....	2	University of Colorado.....	1
Madison, Wis.:		Colorado Springs, Colo.:	
University of Wisconsin.....	9	Colorado College	1
St. Paul, Minn.:		Riverside, Cal.:	
St. Catherine's Academy.....	2	City High School.....	1
Lincoln, Nebr.:		New Haven, Conn.:	
University of Nebraska	6	Yale University	1

With the exception of the two students sent home during the past year on account of illness, one with epilepsy and the other with tuberculosis, and a third who has been obliged to undergo an operation for tubercular glands in the neck, there has been no serious case of illness among the government students.

During the summer vacation just past almost one-half of the students have been engaged in some work other than summer school work, the remainder having attended the summer sessions of their respective schools. During the regular school year, and also during the summer session, the Filipino students have continued making creditable progress in their work, and almost without exception their personal conduct has been exemplary.

The superintendent of Filipino students, Mr. William Alex. Sutherland, has secured from the various institutions more scholarships than have been needed by the government students, and these he has assigned upon application to private Filipino students, who are being educated at the expense of their families. It is a pleasure to note that almost every school that has been applied to for scholarships for Filipino students, either government or private, has generously granted the scholarships needed.

The results of this movement to educate Filipino students in the United States can not as yet be measured, but the earnestness and thoroughness with which the great majority of the Filipino students are prosecuting their work in this country promise that those benefits contemplated by the inaugurators of the movement will be abundantly secured.

CORRESPONDENCE AND RECORDS.

The correspondence received during the year has been large in volume and quite as varied in nature as during the preceding years. The card record and index system adopted upon the organization of the office has been continued in use and has proved adaptable to the most complex cases, affording a sufficient record and quick reference to the files with a minimum expenditure of labor.

The outgoing correspondence has been equally varied in its character and large in volume. The use of mimeograph forms mentioned in the last report has been continued with advantage.

GAZETTEER OF THE PHILIPPINE ISLANDS.

The new and revised edition of the Gazetteer, referred to in the last annual report, has now been completed. Many important changes have taken place in the Philippine Islands since the first edition of the Gazetteer was published. The new work will contain accurate and detailed information as to these changes, and will correct inaccuracies in the original work due to the lack of information and the necessity of haste in its preparation. This Gazetteer has been found to be of great use, and the publication of the new edition now ready is earnestly recommended.

PUBLICATIONS.

The many letters received by the Bureau, requesting information on specific subjects, have made apparent the need for various publications. The available data necessary in answering these inquiries being scattered thru many different documents necessitates the sending out of a mass of publications from which the information on the given subject must be weeded. As the stock of these documents is in many cases almost exhausted, the assembling of the information therein contained under various heads has been deemed advisable, and the following pamphlets have been completed in the hope that their publication may be authorized as soon as possible to supply the constant demand.

"WHAT HAS BEEN DONE IN THE PHILIPPINES."

[Second edition.]

This sets forth in succinct form a comprehensive review of what has been accomplished in the administration of practical affairs by the civil government of the Philippine Islands. The first issue appeared in 1904 as Senate Document No. 304, of the second session of the Fifty-eighth Congress, and covered the period extending from the arrival of the first Philippine Commission in the island down to April, 1904. The present issue, ready for printing, covers the period extending from the latter date to about July, 1906.

"COMPILATION OF ACTS OF CONGRESS, TREATIES, AND PROCLAMATIONS RELATING TO INSULAR AND MILITARY AFFAIRS."

[Second edition.]

In the last annual report of this Bureau reference was made under the head of "Publications" to Senate Document No. 105, second session of the Fifty-eighth Congress, consisting of a "Compilation of Acts of Congress, Treaties, and Proclamations Relating to Insular and Military Affairs," prepared by the compilation division of this Bureau, and to an appendix that had been prepared. This appendix or supplement covers the period from March 4, 1903, to March 4, 1905. Later it was decided to add Alaska and the Isthmian Canal Zone, and as thus enlarged

this work has been completed and is now ready for the printer. It will be noticed that in this supplement the term "noncontiguous territory of the United States," has been substituted for "insular possessions," the former term being deemed more appropriate to the present scope of the work. There is also being prepared in the compilation division, a complete list of all cases relating to the insular and isthmian possessions of the United States, and to Cuba, which have been heard in the Supreme Court of the United States between the dates of January 1, 1898, and March 5, 1906, and in which opinions have been handed down. The syllabus and opinion in each case will be given.

The following will be completed in the near future:

ABACÁ (MANILA HEMP).

This compilation will comprize a description of the plant; method of preparing the fiber for the market; names of the provinces having land suitable for raising abacá, and remarks of provincial governors on same. The necessity for a pamphlet of this description is obvious, as abacá is the most important of the products of the Philippines, and a more intimate knowledge of the possibilities for the development of this industry, together with improved methods for stripping the hemp, assures a great increase in the production of this valuable fiber.

FORESTS AND FORESTRY.

All data relating to this subject contained in the different Commission reports and other documents in the library of 155 volumes relating exclusively to the Philippine Islands, is being collected for a pamphlet to meet the demand for information which otherwise can not be satisfactorily given.

MAPS.

The Insular Bureau's collection of maps of noncontiguous territory has been filed in appropriate cases and a card index to date completed. There are on hand, of different issues, 238 charts, 137 blueprints, and 75 maps, mounted and unmounted, which with their duplicates, represent a total of 2,465 maps to be cared for.

They are now all in good order, carefully arranged and readily available.

DISTRIBUTION OF DOCUMENTS.

There has been mailed in answer to requests 67,375 documents and publications concerning insular affairs and noncontiguous territory. An effort has always been made to place the same where they would reach the greatest number of readers and be of the most value in disseminating information.

In addition to the documents mentioned 2,000 copies of the Summary of Commerce of the Philippine Islands have been mailed monthly up to January 1, 1906, since which date it has been issued quarterly.

LIBRARY OF INSULAR DOCUMENTS.

Since the last report the library of insular documents and publications has been increased by the addition of 120 volumes, the compilation of which has required close attention to current printing and unceasing vigilance in collecting. The scope of this library has also been enlarged by the compilation of documents relating to Alaska and the Isthmian Canal Zone.

INDEX.

The documents of the Fifty-eighth Congress and publications collected since the last report, embracing 46,243 pages in 86 volumes, have been indexed with 8,130 references, in an appendix to the index mentioned in former reports.

This appendix is ready for printing, and its usefulness and value are constantly being demonstrated. Unfortunately the request of the Secretary of War for the publication of this index and its appendix as a Congressional document was not finally acted upon by Congress.

THE REPUBLIC OF CUBA.

When on September 29, 1906, it became apparent that the efforts of the special commissioners of the President to Cuba to establish a condition of peace and order in that Republic without the exercise of the power and authority of the United States must fail, and the Secretary of War had by authority of the President announced the establishment of a provisional government under the administration of the United States, preparations were made for the performance of such duties in connection with that government as might be assigned to this Bureau.

On that date three interpreters and clerks of the Bureau were started for Habana, and on October 1 the acting chief of the Bureau left Washington for Habana. On October 23 the following Executive order was published, defining among other things the functions of this Bureau in connection with the provisional government of Cuba:

It is hereby ordered that the temporary administration of the government of the Republic of Cuba, in virtue of the requirements of article 3 of the treaty of May twenty-second, one thousand nine hundred and three, shall be conducted in Habana by the provisional governor, subject to the supervision of the Secretary of War; and all business in relation thereto in this country will be transacted in the Bureau of Insular Affairs of the War Department, where it will be made a matter of official record.

At present but two of the employees of the Bureau remain in Cuba, and they will shortly return to Washington unless transferred for service under the Cuban government.

RANK OF CHIEF OF BUREAU.

By an act of Congress approved June 25, 1906, the chief of the Bureau of Insular Affairs was given the rank, pay, and allowances of a brigadier-general. This change, strongly recommended by the Secretary of War, makes uniform the rank of the chief of this Bureau with that of the other bureaus of the War Department.

ORGANIZATION AND PERSONNEL.

Capt. Frank McIntyre still continues on detail as assistant to chief of Bureau, and the civilian force consists of the law officer, 62 clerks, 11 messengers, laborers, and charwomen, the total salaries aggregating \$87,000.

Capt. John R. M. Taylor, Fourteenth Infantry, who, since May, 1902, has been in charge of the compilation of insurgent records pertaining to the insurrection of the Philippine Islands against the United States, having reported the completion of his duties, was, on September 5, 1906, relieved from duty in the Bureau in order to join his regiment. It is hoped that the very satisfactory results of Captain Taylor's labors may be published for general use.

Of the force of the Bureau, two continue on leave of absence without pay as assistants to Col. George R. Colton, collector and general receiver of customs in Santo Domingo and another accompanied, during the present year as its official translator, the United States delegation to the Third International Conference of the American States at Rio de Janeiro, similar leave having been granted him for this purpose.

During the year the Bureau has lost 6 employees by transfer or resignation.

The organization of the Bureau as shown in last year's report having proved efficient, no change has been made therein.

Respectfully submitted.

FRANK MCINTYRE,
Captain, Nineteenth United States Infantry,
Acting Chief of Bureau.

The SECRETARY OF WAR.

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